

IOWA PARTNERSHIP LOAN PROGRAM AGREEMENT
(the "Agreement")

I. PARTIES

- A. Iowa College Student Aid Commission, hereafter referred to as "ICSAC."
- B. Iowa Student Loan Liquidity Corporation, hereafter referred to as "ISLLC."

II. ELEMENTS OF CONTRACT

A. Purpose

The parties hereto have agreed to jointly develop a loan program designed to provide Iowa middle income families with an alternative source of loan funds to assist in meeting the costs of post secondary education. The program shall be known as "The Iowa Partnership Loan Program" (the "Program").

B. Program Specifications

The parties agree that the Program shall be established, operated and administered in accordance with the specifications set forth in Appendix A hereto. Any changes or variations in the specifications must be in writing, and approved by the governing boards of both parties.

C. Program Support Fund

There is hereby created and established a Program Support Fund (the "Fund") for the Program which Fund shall be held and maintained by a trustee or other appointed fiduciary (the "Fund Trustee") and which shall consist of two accounts, the Loan Loss Reserve Account and the General Account.

The Fund and each account therein shall be maintained by the Fund Trustee as a separate and distinct trust fund or account to be held, managed, invested, disbursed and administered as provided in this Agreement and in the trust agreement securing such Fund and account. Such Trust Agreement shall be between the parties hereto and the Fund Trustee, shall incorporate all applicable terms and provisions of this Agreement and shall set forth the management, investment, disbursement and administrative responsibilities of the Fund Trustee. All moneys deposited in the Fund and its accounts shall be used solely for the purposes set forth in this Agreement. The Fund Trustee shall keep and maintain adequate records pertaining to the Fund and each account, and all disbursements therefrom.

- 1. Loan Loss Reserve Account. There is hereby established a Loan Loss Reserve Account which shall be maintained in an amount at least equal to the aggregate of three percent (3%) of the outstanding principal amount of loans originated under the Program and any amounts available for the

origination of such loans(the "Reserve Requirement").

The Loan Loss Reserve Account shall be initially funded by equal capital contributions of \$150,000 from each party and may be subsequently funded by other moneys on deposit in the Fund; provided, however, that in the event that amounts on deposit in the Loan Loss Reserve Account are less than the Reserve Requirement and no other moneys are on deposit in the General Account (as hereinafter defined), the Loan Loss Reserve Account shall be funded to at least an amount equal to the Reserve Requirement by the equal contributions of each party.

Amounts on deposit in the Loan Loss Reserve Account may be used only to pay to default, disability, death or bankruptcy claims filed by ISLLC with respect to Loans originated under the Program, and may be so used only if no other moneys are on deposit in the Fund and available therefor.

2. General Account. There shall be established a General Account, which shall be initially funded by equal capital contributions of \$350,000 from each party and which shall also be funded from contributions from either party, guarantee fees or insurance premiums and investment earnings on the Fund.

Amounts on deposit in the General Account shall be used to pay default, disability, death or bankruptcy claims filed by ISLLC with respect to loans originated under the Program and must be used prior to any expenditure of amounts in the Loan Loss Reserve Account. Amounts on deposit in the General Account may also be used to defray authorized Program Expenses, including (but not limited to) salaries, acquisition and servicing fees, supplies, utilities, mailing, labor, materials, office rent, maintenance, furnishings, equipment, machinery and apparatus, telephone, insurance premiums, legal, accounting, management, consulting and banking services and expenses, bond insurance and/or liquidity facility fees and expenses, fees and expenses of fiduciaries, costs of issuance not otherwise paid for or provided for, travel, payments for pension, thrift savings, retirement, health and hospitalization and life and disability insurance benefits, all to the extent properly allocable to the Program and payable by either ISLLC or ICSAC and not otherwise reimbursable, upon the approval of the ISLLC Board of Directors.

3. Investments and Expenditures. All amounts on deposit in the Fund must be continuously invested until expended and must be invested in obligations complying with those investment guidelines normally applicable to the investment of public funds of the State of Iowa. Once amounts are deposited in the Fund, no pro rata tracking or expenditures need be made and all amounts on deposit in the Fund will be returned to the contributing parties, pro rata, as soon as no Loans are outstanding under the Program.

If at any time, moneys on deposit in the Fund exceed the Loan Loss Reserve Account reserve requirement and any amount reasonably required in the General Account, such moneys may be released to the parties upon affirmative action of the boards of directors of both parties.

4. Default Purchases. Amounts on deposit in the Fund may be used to pay any and all default, disability, death or bankruptcy claims properly presented by ISLLC to the Fund Trustee for payment. The Fund Trustee shall pay such claims directly to the claimant. Once paid by the Fund Trustee, claim payments shall become property of the claimant.

After such claims are paid by the Fund Trustee, the defaulted loans will become the property of and be credited to the Fund. Post-claim collections efforts will be diligently performed by ICSAC with respect to such loans. In the event that any such loan is returned to repayment status, such loan shall be eligible for repurchase by ISLLC.

D. Sources of Program Funding

The Program will be financed by one or more issues of bonds, notes, or other evidences of indebtedness issued by ISLLC in furtherance of the Program purposes and specifications approved by the governing boards of both parties. Any and all indebtedness issued on behalf of the Program shall be the sole obligation of ISLLC, and the approval of such indebtedness by the Board of Directors of ISLLC shall constitute all action necessary to be taken by both parties with respect to any indebtedness issued by ISLLC to fund the Program.

E. Services To Be Provided

ISLLC agrees to provide the following services:

1. issuance of its bonds, notes, or other evidence of indebtedness in order to finance Loans originated or acquired under the Program and to finance the administration, operation, and servicing of such Program;
2. marketing of the Program to borrowers and schools;
3. loan application processing and eligibility determination;
4. loan disbursement;
5. processing of interest and principal payments;
6. general servicing of the loan portfolio including, but not limited to, posting payments, tracking borrower status, and collection of the accounts according to procedures agreed to by the parties;
7. accounting for all sources and uses of funds;
8. continuous support of the Program.

ISLLC further agrees to use its best efforts to provide additional services which may become necessary for the efficient operation of the Program.

ICSAC agrees to provide the following services:

1. assistance in marketing the Program to borrowers and schools;
2. assistance in providing technical support to Program participants;
3. assistance in developing forms;
4. assistance in processing applications; and
5. assistance in developing a student status confirmation process;
6. legislative assistance and support;
7. performance of post-claim default collection efforts;
8. continuous support of the Program.

F. Administration of Program

1. The parties agree that ISLLC shall have sole and exclusive responsibility for administration of the Program, subject to the provisions of §II(B) hereof.
2. The parties agree that ISLLC shall be compensated for its administration of the Program from the proceeds of, and revenues or recoveries of principal derived from, the issuance of its bonds, notes, or other evidences of indebtedness related to the Program; provided, however, that in the event that such amounts are insufficient at any time to compensate ISLLC for the costs incurred by it with respect to the Program, ISLLC may draw upon amounts on deposit in the Fund which are in excess of the Reserve Requirement.
3. The parties agree that ICSAC will perform post-claim collection activities for which the Commission will be compensated at the rate then provided for under the federal Stafford Loan Program for comparable collection activities provided that the rate shall not exceed 30 percent of the recovered principal and interest.

G. Program Support Fund - Reimbursement and Distribution

1. If at any time amounts on deposit in the Fund are less than the Reserve Requirement established by §II(C)(1)(a) hereof, the parties agree to make pro rata contributions to the Fund sufficient to make amounts on deposit in such Fund at least equal to the Reserve Requirement.

2. Such contributions shall be a general obligation of ISLLC, payable from amounts on deposit in its General Fund or from any and all other amounts held by ISLLC which are not subject to a prior lien or incumbrance.

3. Such contributions shall be a general obligation of ICSAC, payable from its available resources. ICSAC does not hereby give or lend the credit of the state of Iowa.

H. Whole Agreement

This contract memorializes all elements of the agreement of the parties with respect to this Program, and both incorporates and supersedes any previous agreements or negotiations, whether oral or in writing. ISLLC agrees there are no implied contracts of any nature between the parties.

Changes in the provisions of this contract may be made only in writing and when signed by each party hereto.

III. MAINTENANCE OF RECORDS

A. All records of ISLLC relating to this contract shall be retained for the greater of three years or the amount of time as is normally required by ISLLC's auditors. ISLLC agrees to provide an annual report of the financial condition of the Program prepared in accordance with generally acceptable accounting principles for review by the governing boards of both parties, within 120 days of the end of any fiscal year during which Loans funded under the Program remain outstanding.

B. ISLLC agrees that the auditor of the state of Iowa, or any authorized representative of the state, shall have access to and the right to examine, audit, excerpt and transcribe any pertinent books, documents, papers, and records of ISLLC relating to this contract.

C. ISLLC shall comply with the provisions of federal, state and local laws and regulations to insure that no employee or applicant for employment is discriminated against because of race, religion, color, age, sex, national origin, or disability.

IV. DEFAULT; REMEDIES

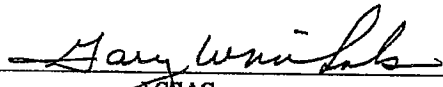
Should one party consider the other to be in default of its obligations under this agreement, that party shall issue a written notice of default providing therein for a thirty-day period in which the other party shall have an opportunity to cure, provided that a cure is possible and feasible. If, after opportunity to cure, the default remains, the non-defaulting party may exercise any remedy provided by law.

Notwithstanding the above, no notice of default or opportunity to cure shall be required in the event of determination of criminal misappropriation of funds.

V. MISCELLANEOUS

- A. This contract shall be interpreted in accordance with the laws of the state of Iowa, and any action relating to the contract shall only be commenced in a court of competent jurisdiction.
- B. If any provision of this contract is held to be invalid or unenforceable, the remainder shall be valid and enforceable.
- C. Failure of either party at any time to require strict performance of any provision of this contract shall not constitute a waiver of that provision nor in any way limit enforcement of the provision.
- D. The parties agree to execute any additional documents necessary to effectuate this contract.
- E. The copyright and all other interests in intellectual properties created as a part of ISLLC's performance of this contract shall belong jointly to ICSAC and ISLLC.

DATED THIS 19th DAY OF MAY, 1992


ICSAC


ISLLC

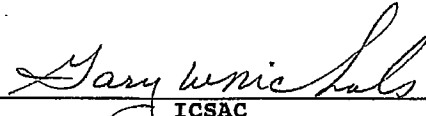
APPENDIX A

IOWA PARTNERSHIP LOAN PROGRAM PARAMETERS

1. An eligible school is an NCA (North Central Accrediting Agency) accredited, non-profit, Iowa degree-granting colleges and universities currently eligible to participate in Title IV programs with no restrictions or approved by ISLLC and ICSAC. Iowa non-profit schools of nursing, approved by the Iowa Board of Nursing, are also eligible.
2. Loan applications can be submitted up to ninety days prior to the loan period beginning date and must be received by ISLLC no later than thirty days before the loan period ending date.
3. ISLLC Loan processing time will be from one to two weeks.
4. The student borrower and co-maker(s) must meet the following requirements:
 - a. The student must be at least 18 years of age at the time of application or be an emancipated minor. A co-maker may not be an emancipated minor.
 - b. The student and the co-maker(s) must be a United States citizen (the student may be a permanent resident of the United States) and a resident of the state of Iowa.
 - c. The Student and co-maker(s) cannot have defaulted on any education loans.
 - d. The student or co-maker(s) must pass a Partnership designed credit test.
 - e. The student and co-maker(s) may not have combined annual income exceeding \$125,000.
 - f. The student must be accepted for enrollment at, or be attending, a school which meets eligibility requirements described above and must be making satisfactory academic progress.
 - g. The student must be certified as eligible by the school based on cost of education less estimated financial aid.
5. Undergraduates must be attending school on a fulltime basis. Graduate and professional students must be attending half-time or greater.
6. In all cases, the student signs the promissory note. If a co-maker is required, then the co-maker(s) will also sign the note.
7. If the student borrower can pass the credit test on her or his financial situation, a co-maker will not be required.
8. Two co-makers are required if they reside in the same household and represent household income and debt (e.g., father and mother).
9. The credit test requires the applicant to have a satisfactory credit record and consists of a three-part test:
 - a. Credit History:
 - (1) All outstanding accounts must be current.
 - (2) No chargeoffs, repossessions or tax liens.
 - (3) In past two years, no more than two 30-day delinquencies on two separate accounts and no 60-day delinquencies.

- b. Debt to Income: Monthly payments for approved credit (mortgages, car loans, credit cards, equity loans, proposed Iowa Partnership Loan, etc.) cannot exceed 36% of the gross monthly income.
- c. Employment: The creditworthy applicant must have at least two years of employment in a related field.
10. The minimum loan amount is \$1,000. The annual maximum loan amount is \$10,000 per academic year, which is defined as a nine-month period. The cumulative program maximum is \$50,000 per student.
11. The maximum loan amount is the lesser of the following, not to exceed the maximums identified above:
- a. Cost of attendance less estimated financial aid;
 - b. The creditworthy amount; or
 - c. The amount recommended by an appropriate school financial aid administrator.
12. The interest rate is a fixed rate set at 1.80% above ISLLC's cost of borrowing.
13. A guarantee fee of 1% of the loan amount will be deducted from the loan proceeds.
14. There will be no application fee.
15. There can be a \$30 reapplication fee.
16. The check will be co-payable to the student and the creditworthy borrower(s).
17. Loan terms are as follows:
- a. There is a minimum monthly payment of \$50.
 - b. There is a maximum repayment period of 15 years.
18. Partnership loans will be reported to national credit reporting agencies.
19. If a loan becomes 60 days delinquent, the loan will be in Default. If a loan becomes 120 days delinquent, the loan will be transferred to the Iowa College Student Aid Commission for state collection.

DATED THIS Second DAY OF February, 1993



ICSAC



ISLLC

FIRST AMENDMENT
TO
IOWA PARTNERSHIP LOAN PROGRAM AGREEMENT

The Iowa Partnership Loan Program Agreement (the "Agreement") between the Iowa College Student Aid Commission ("ICSAC") and the Iowa Student Loan Liquidity Corporation ("ISLLC") dated May 19, 1992, shall be amended by the provisions of this First Amendment to the Iowa Partnership Loan Program Agreement (the "Amendment") as follows:

1. Section II, C, 3 shall be amended to read as follows:

"3. Return of Investment to ICSAC. ISLLC shall repay ICSAC's investment in the Program, consisting of its initial investment of \$500,000 plus the greater of (i) the amount of interest which ICSAC would reasonably have earned on its investment of reserve funds or (ii) one-half of the amount of return earned by the Fund, after adjustment of charges to the Fund for all revenue, expenses, servicing fees or costs as are required or appropriate under the terms of the Agreement. Such amounts shall be determined by Peat Marwick Main as auditors for the Program, based on the duration of the investment.

After repayment to ICSAC, ISLLC shall be the sole owner of the Fund, which may be invested in investment securities or in program loans under such limitations or restrictions as may apply to ISLLC from time to time."

2. Sections Repealed. Section II, g; Section III, B and Section V,E are repealed.

3. Section V is amended by adding an additional provision as follows:

"F. ISLLC may modify any Program Parameter, as provided in Appendix A, except for numbers 1, 4b, 5, 11 and 19, or may modify any Program Parameter with the consent of ICSAC."

4. Program Parameters. Appendix A, Iowa Partnership Loan Program Parameters number 1 and 4b shall be amended as follows:

"1. The student borrower must be a resident of Iowa or enrolled in an eligible school in Iowa. An eligible school is an NCA (North Central Accrediting Agency) accepted, non-profit, degree-granting college or university currently eligible to participate in Title IV programs with no restrictions or approved by ISLLC and

ICSAC. Iowa non-profit schools of nursing, approved by the Iowa Board of Nursing, are also eligible.

4.b. The student and the co-worker(s) must be a United States citizen (the student may be a permanent resident of the United States)."

5. Effective Date. This Amendment is effective when executed. Payment shall be made within 45 days after the Effective date.

Agreed this 15 day of November, 1994.

ICSAC

ISLLC

**SECOND AMENDMENT
TO
IOWA PARTNERSHIP LOAN PROGRAM AGREEMENT**

The Iowa partnership Loan Program Agreement (the "Agreement") between the Iowa College Student Aid commission ("ICSAC") and the Iowa Student Loan Liquidity Corporation ("ISLLC") dated May 19, 1992, shall be amended by the provisions of this Second Amendment to the Iowa Partnership Loan Program Agreement (the "Amendment") as follows:

1. Program Parameters. Appendix A, Iowa partnership Loan Program Parameter number 1 shall be amended as follows:

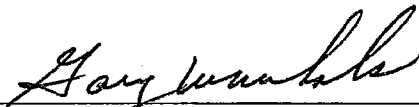
1. The student borrower must be a resident of Iowa attending an eligible school or a nonresident enrolled in an eligible school in Iowa. An eligible school is a nonprofit, degree granting college or university eligible to participate in Title IV programs with no restrictions and accredited by one of the following agencies:

North Central Accrediting Agency
Western Association of Schools & Colleges
New England Association of Schools & Colleges
Southern Association of Schools & Colleges
Northwestern States Association of Schools & Colleges
Middle States Association of Schools & Colleges

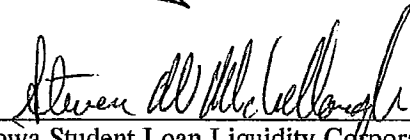
Iowa nonprofit schools of nursing, approved by the Iowa Board of Nursing, are also eligible. Schools not eligible under the above requirements can become eligible with the approval of the Iowa Student Loan Liquidity Corporation and the Iowa college Student Aid Corporation.

2. Effective Date. This Amendment is effective when executed.

Agreed this 21st day of January, 1997.



Iowa College Student Aid Commission



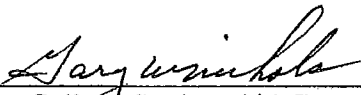
Iowa Student Loan Liquidity Corporation

**THIRD AMENDMENT
TO
IOWA PARTNERSHIP LOAN PROGRAM AGREEMENT**

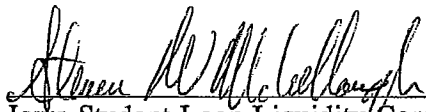
The Iowa Partnership Loan Program Agreement (the "Agreement") between the Iowa College Student Aid Commission ("ICSAC") and the Iowa Student Loan Liquidity Corporation ("ISLLC") dated May 19, 1992, shall be amended by the provisions of this Third Amendment to the Iowa Partnership Loan Program Agreement (the "Amendment") as follows:

1. Undergraduates, graduates and professional students must be attending half-time or greater as defined by the Federal Family Education Program or Successor Program.
2. This Amendment is effective when executed.

Agreed this 18th day of March, 1997.



Iowa College Student Aid Commission



Iowa Student Loan Liquidity Corporation